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MEMORANDUM

To: Utah State Building Board
From: F. Keith Stepan
Date: January 5, 2005
Subject: **Architect/Engineer Fees**

The Value Based Selection process (VBS) that has been developed by DFCM has been successful in bringing to the State of Utah some of the best performing consultants (A/E firms) available anywhere. Their experience and qualifications have saved Utah taxpayers time, money and State employee effort in establishing higher quality design and construction projects.

Once the highest ranked A/E firm is identified by the VBS committee, DFCM's project manager as the owner's representative and the design professional begins working together to provide the final scope of the work, a project construction budget and an A/E fee proposal. To assist in these negotiations, DFCM will use national and local professional and technical societies established guidelines for procuring the services of the design professionals. These guidelines will be used to develop a fair and reasonable fee for the anticipated scope and budget of a specific project. (If an agreement can not be reached concerning the compensation, discussions with the highest ranked firm shall be terminated and DFCM's project manager will initiate talks with the second-ranked design professional).

The following concepts shall be used by DFCM to establish fixed fee A/E compensation proposals.

- Fees should be established with the individual project criteria in mind.
- An individual project may have complex scopes of work different from the typical project in Utah's marketplace. Careful consideration shall be given to the project complexity issues.
- Percentage fees generally decline as construction dollars increase. Thus, smaller projects will probably have higher percentage fees than larger projects.

DFCM's expectation will be that generally A/E fees will fall within the guidelines outlined in the attachment. They will be used as a basis of negotiation for the owner/consultant agreement.

FKS:sll

DFCM Anticipated Architecture/Engineering Compensation Guidelines

Fee Structure Target Model

- DFCM yearly average contracted fee percentage of construction cost = 7.0%
- Basic Services Guideline (noted below)
 - Architect = 60% of total fee
 - Structural Engineer = 12 % of total fee
 - Mechanical Engineer = 15% of total fee
 - Electrical Engineer = 10% of total fee
 - Civil/Landscape = 3% of total fee
- Special Services Guideline (complexity/additional compensation)
 - Technology design
 - Acoustical and/or other special analysis
 - Surveys
 - Leeds Certification
 - Geo-Tech
 - Interior Design
 - Etc.
- Direct and Reimbursable Costs
 - Presentation Materials (as a stipend or as specifically requested by DFCM)
 - Travel expenses (Expenses only, not hourly work rates)
 - Printing costs (with prior DFCM approval)

Expected fee guideline 5% to 9.25% as outlined in the attached schedule.

DFCM Fee Schedule Guideline for Negotiation Purposes
August 1, 2004

Capital Development Projects

<u>Estimate Construction Budget</u>	<u>Basic A/E Service</u>	<u>Complexity Addition</u>	<u>Total</u>
\$0 – \$500,000	6.75%	0% to 2.5%	6.75% to 9.25%
\$500,000 - \$3,000,000	6.5%	0% to 2.5%	6.5% to 9%
\$3,000,000 - \$5,000,000	6.25%	0% to 2.5%	6.25% to 8.75%
\$5,000,000 - \$8,000,000	6.0%	0% to 2.5%	6.0% to 8.5%
\$8,000,000 - \$12,000,000	5.75%	0% to 2.5%	5.75% to 8.25%
\$12,000,000 - \$18,000,000	5.5%	0% to 2.0%	5.5% to 7.5%
\$18,000,000 - \$25,000,000	5.25%	0% to 2.0%	5.25% to 7.25%
\$25,000,000 - \$35,000,000	5.0%	0% to 2.0%	5.0% to 7.0%
\$35,000,000 and up	4.75%	0% to 2.0%	4.75% to 6.75%

Capital Improvement Projects

<u>Estimate Remodel Budget</u>	<u>Basic A/E Service</u>	<u>Complexity Addition</u>	<u>Total</u>
\$0 – \$300,000	8.25%	0% to .75%	8.25% to 9.0%
\$300,000 - \$500,000	8.0%	0% to .75%	8.0% to 8.75%
\$500,000 - \$750,000	7.75%	0% to .75%	7.75% to 8.5%
\$750,000 - \$1,000,000	7.5%	0% to .50%	7.5% to 8.0%
\$1,000,000 - \$1,250,000	7.25%	0% to .50%	7.25% to 7.75%
\$1,250,000 - \$1,500,000	7.0%	0% to .50%	7.0% to 7.5%